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### Special Analysis

IRAN:

#### Possible Use of New Antiship Missile

*Iran will weigh the risks and benefits carefully before using its new Silkworm (HY-2) antiship cruise missiles. Tehran's desire to avoid provoking superpower intervention will probably ensure that the cautious, selective targeting that has characterized its previous attacks on shipping will be applied to the Silkworms. The weapon nonetheless gives Tehran a potent new instrument to pressure the Persian Gulf states and Iraq. The prospect of an increased superpower presence in the Persian Gulf might prompt Iran to demonstrate the missile's destructive capability soon, before the risk of provoking US or Soviet intervention goes up.*

(b)(1), (b)(3)

[REDACTED] Iran more than a year ago purchased some 12 Silkworm batteries, each with four launchers and about 24 missiles. [REDACTED] three to five batteries have been delivered so far. Iran is planning several Silkworm launchsites, two of which—at Qeshm Island and Kuhestak—are ready for use; it successfully test-fired a missile from Qeshm late last month.

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Tehran may decide that firing the missile at a live target would yield important benefits. A demonstration of the Silkworm's capabilities would underscore the Khomeini regime's displeasure with the continued support for Iraq by the Gulf Arab states more effectively than would attacks by helicopters or gunboats. Following such an attack, uncertainty in the world oil market about Iranian intentions and the availability of oil would push up oil prices. [REDACTED]

Iran may also want to fire a Silkworm before there are more superpower ships in the Persian Gulf. Reports of US and Soviet offers to protect Kuwaiti shipping may prompt Tehran to attack an unprotected tanker before such arrangements increase the risk of inadvertently hitting a vessel belonging to either superpower. [REDACTED]

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Tehran, on the other hand, may want to conserve its Silkworm missiles for use as a last resort if its oil exports are cut off or significantly reduced for an extended period. It may prefer to brandish the threat in the near term rather than to use it, relying on other military, diplomatic, or terrorist assets to pursue its policies. Iran may calculate that firing a Silkworm—even at an unprotected Kuwaiti or third-country ship—would risk superpower retaliation.

[REDACTED] DIA sees no indicator that Iran intends to demonstrate the Silkworm system prior to an increase of the US or Soviet presence in the Strait of Hormuz or the southern Persian Gulf. In fact, the recent US demarche concerning Iran's possible use of the missile system should, in itself, serve to caution Tehran against provoking the superpowers. [REDACTED]